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THE Demand and Price SITUATION

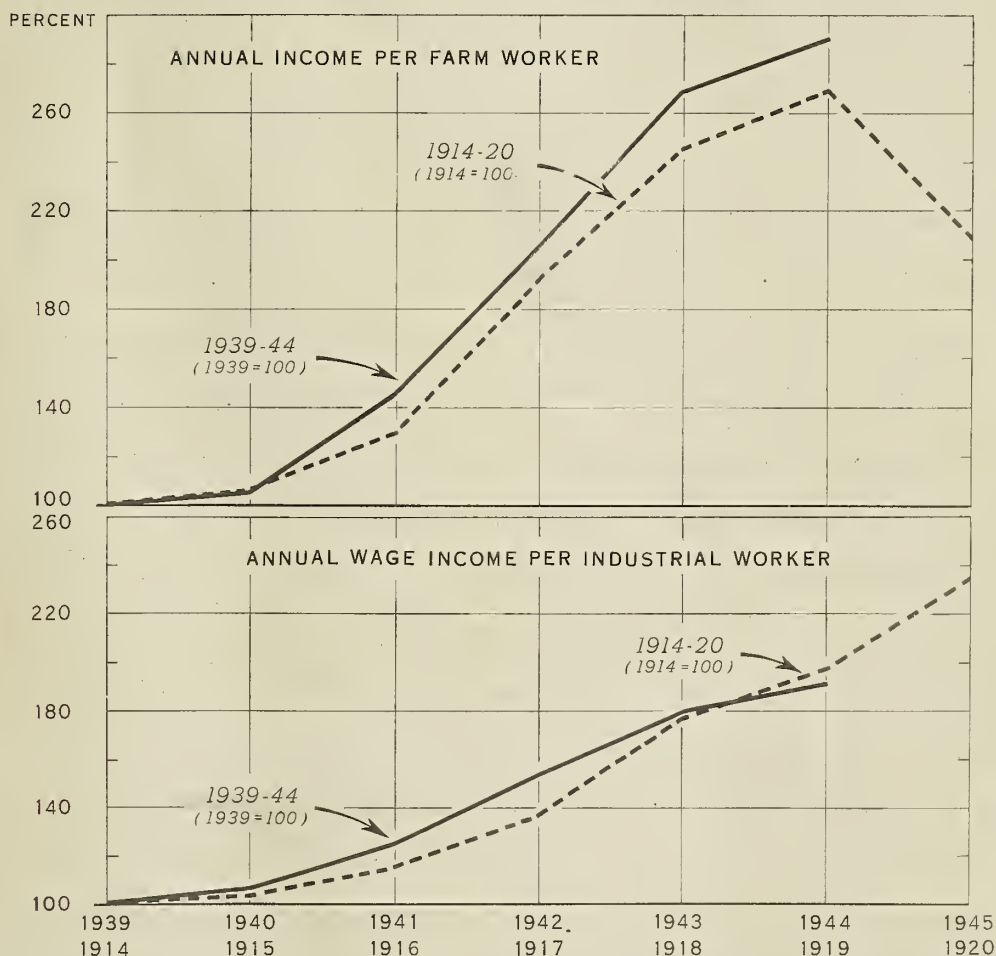
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



FEBRUARY 1945

AVERAGE ANNUAL INCOME PER WORKER, FARM AND INDUSTRIAL,
INDEX NUMBERS, 1914-20, AND 1939-44



U. S. DEPARTMENT OF AGRICULTURE

NEG. 45114 BUREAU OF AGRICULTURAL ECONOMICS

The average annual income per farm worker increased about 190 percent from 1939 to 1944 as compared with an increase of 169 percent during World War I from 1914 to 1919. The average wage income per industrial worker increased at a slower rate during both wars than did farm workers' income. Also, the rate of increase during World War II has been closer to the rate in World War I than it has been for farm workers' income. Although not shown on the chart, farm workers' incomes in 1939 were only 41 percent above 1914, while industrial workers' wages doubled from 1914 to 1939.

THE DEMAND AND PRICE SITUATION

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DEMAND FOR FARM PRODUCTS

There has been no important change in the demand for farm products in recent months and it seems probable that demand will continue at approximately its present high level as long as fighting continues in both Europe and Asia. Prices of most farm products are likely to continue at or near ceilings as long as consumer incomes and military and lend-lease requirements are maintained at present levels.

Nonagricultural income payments for December 1944 were at the highest level ever recorded. The seasonally adjusted index was 236.5 ^{1/} as compared with 235.3 in November and 218.7 in December 1943. Increased payments to military personnel account for most of the rise in recent months. The wage income of industrial workers has been declining irregularly since early in 1944. The seasonally adjusted index of wage income for December 1944 was 321.7 ^{2/} -- 4.0 percent below the peak reached in February 1944. This decline is largely the result of a decline of 6.9 percent in industrial employment. Wage income per employed industrial worker increased slightly in 1944. The index for December of 206.1 was 3.0 percent above the index for the previous February.

^{1/} Department of Commerce, 1935-39 = 100.

^{2/} Bureau of Agricultural Economics, 1935-39 = 100.

Employment in nonagricultural establishments in December was slightly higher than in November because of the holiday trade. However, for January 1945 the number declined to 37.9 million persons.. This is 2.9 percent smaller than a year earlier and is the smallest since April 1942. Factory employment for December was 15.7 million, 8 percent below a year earlier. During the same period of time factory production declined only 4 percent and factory payrolls 5 percent. Average weekly and hourly earnings of factory workers increased slowly during 1944. Average weekly earnings for December 1944 were \$47.45 - 6.4 percent above December 1943, and average hourly earnings increased 4.5 percent to 104.0 cents.

The dollar volume of retail sales showed a slightly smaller than usual increase from November to December 1944. The seasonally adjusted index for December was 187.9 3/ -- 1.9 percent below November. Small decreases occurred for both durable and nondurable goods stores. In spite of the decline in the index for December, it was still 9.6 percent above December 1943. The increase amounted to 10.5 percent for stores selling nondurable goods, compared with 4.5 percent for stores selling durable goods. Part of the changes in retail sales merely reflect changes in retail prices. However, after adjusting for the effect of price changes, the index for December 1944 was 136.4 -- 2.2 percent below November but 6.7 percent above December 1943.

The total budget expenditures of the Federal Government for January 1945 amounted to 8.2 billion dollars, of which nearly 7.6 billion or 92 percent represented war expenditures. This is an increase over January 1944 of 8 percent for total and 6 percent for war expenditures.

3/ Department of Commerce, 1935-39 = 100.

Total budget expenditures for the calendar year 1944 amounted to 97.2 billion dollars or 49.4 percent of the gross national product for the year. This is slightly greater than the proportion for 1943.

February 17, 1945

INDUSTRIAL PRODUCTION

The index of industrial production for the calendar year 1944 was 235 ^{4/} -- nearly 2 percent below 1943. The seasonally adjusted monthly index dropped 5 percent from February to July, but from July to December it remained almost constant at a level about 5 percent below the last 6 months of 1943.

The production of durable manufactured goods declined about 7 percent from February to September 1944, after which it remained approximately constant and was nearly 8 percent below the last 4 months of 1943. The production of nondurable manufactured goods followed a somewhat different course. The seasonally adjusted index declined 6 percent from February to July, but from July to December the index rose 5 percent so that at the end of the year it was almost as high as at the beginning. In contrast to manufactured goods, the production of minerals was 7 percent higher in 1944 than in 1943. Production remained relatively constant throughout the year, except for a drop of about 4 percent in December from the level of the three previous months.

Manufacturers' shipments showed considerable monthly variation during 1944, but the general trend was slightly upward and the level for the year 1944 was 5 percent above that for 1943. Declining production and increasing shipments have resulted in a rather steady decline in manufacturers' inventories in 1944. The index for December 1944 was 168 ^{5/} -- 6 percent below January. Practically all of this decline occurred in the inventories of durable goods. Inventories of nondurable goods declined somewhat during the first half of 1944, but have increased slightly since June.

The value of new orders received by manufacturers has increased since February 1944. The index of 324 ^{6/} for December was the highest on record and was 24 percent above February. The increase during this period for durable manufactured goods amounted to 28 percent, while that for nondurable goods was only 19 percent.

The heavy volume of new orders, together with decreased inventories, indicate that the output of manufacturers probably will be maintained for the next few months at a level about equal to that of the last half of 1944. Limited supplies of labor and of some materials may prevent production from increasing materially. Steel production in January and early February 1945 was somewhat below the previous month, partly because of difficulties in obtaining coal during unusually severe winter weather.

^{4/} Federal Reserve Board, 1935-39 = 100.

^{5/} Department of Commerce, 1939 = 100.

^{6/} Department of Commerce, January 1939 = 100.

COMMODITY PRICES

The average wholesale price of commodities rose very slowly but rather steadily during most of 1944. The index for all commodities for December was 104.7 ⁷/₁₀₀. This is the highest point reached during the present war but it is only 1.4 percent above the index for January 1944, which was the lowest for any month in that year.

The wholesale prices of farm products rose somewhat more than the prices of other products during 1944. The index for farm products for December 1944 was 125.5 -- 3.0 percent above the low point in January. The index of food prices increased only 0.6 percent during the same period and that for commodities other than farm products and foods 0.1 percent. The demand for most products is such that prices are at or near their ceilings. Since demand is expected to continue at approximately its present very high level for several months, only minor changes in wholesale prices are likely to occur during that time.

The index of prices received by farmers for January 1945 was 201 ³/₁₀₀. This is the highest point reached since August 1920, but it is only 5 percent above July and September 1944 which were the low points for that year. Truck crops, poultry, and food grains have increased more in price since last September than any other groups of commodities. However, most of these increases have been seasonal in nature. There have also been smaller increases in prices received by farmers for tobacco, oil-bearing crops, meat animals, and dairy products. There have been slight declines in the price of cotton, wool, and fruits.

Prices received by farmers in February 1945 were not greatly different from those in January. Prices of some crops -- chiefly food grains and fruit advanced somewhat, while egg prices declined.

The index of prices paid by farmers, including interest and taxes, for January 1945 was 172, the highest reached during the present war, but only 2 percent above January 1944. The ratio of prices received by farmers to prices paid, interest and taxes for January 1945 was 117. This is the same as the ratio a year earlier, but 2 points above the average for 1944.

FARM INCOME

Cash receipts from farm marketings in February are probably running at about 1.3 billion dollars, 16 percent below the income of 1,554 million dollars for January, and 3 percent less than the receipts for February 1944. Income from crops dropped sharply as marketings decreased seasonally. Although the decline in income from crops was no greater than usual, transportation difficulties caused by car shortages and severe storms, which also affected January income, seriously interfered with movement of commodities to market, particularly during the first half of the month.

⁷/₁₀₀ Bureau of Labor Statistics, 1926 = 100.
⁸/₁₀₀ 1910-14 = 100.

Although market receipts for corn have been high on most terminal markets, humid conditions in the western side of the Corn Belt resulted in an unusually high percentage of moisture in the 1944 corn crop. Drying facilities have been inadequate and corn in large sections of Minnesota, South Dakota, and Nebraska has moved to market very slowly. Improved weather in the latter part of February helped to make more cars available, but continued high moisture content still retards corn shipments, and cash receipts from feed grains and hay for February were consequently reduced.

Receipts from cotton and cottonseed dropped 45 percent, and income from tobacco declined 42 percent. The drop in cash receipts from tobacco was much less than the regular seasonal decline because of unusually large sales of Burley.

Receipts from fruits and nuts were estimated to be about the same as in January, rather than taking the usual drop. Income from both citrus and deciduous fruits was maintained at about January levels. Marketings of citrus fruits continued in February close to the volume sold in January and prices recovered early in the month from the seasonal dip occurring late in January. Declines in marketings of eastern apples were offset by increased sales of western fruit, and, with prices for apples remaining about the same as in January, income from deciduous fruits showed little change.

The percentage drop occurring in cash receipts from livestock and livestock products in February as compared with January was greater than in 1944. Slaughter of all types of meat animals showed definite declines with hogs dropping about one-third and sheep and lambs declining about 18 percent. Prices strengthened slightly but not enough to prevent a greater-than-usual drop in cash receipts. Rate of milk production per day increased, but prices dropped and income declined rather than remaining at about the January level as usually happens. A decided increase in egg production took place, but prices did not drop proportionately, and marketings of poultry decreased while prices remained the same. About the usual seasonal increase in cash receipts from poultry and poultry products occurred.

Present estimates indicate that prices received by farmers for all products in February will show no significant change from January.

LIVESTOCK AND MEATS

Prices of hogs probably will continue at or near ceiling levels for most of 1945, reflecting a strong demand and smaller supplies than last year. As total meat supplies will be short of demand, prices of cattle, sheep, and lambs probably will hold close to the maximum levels permitted by wholesale ceilings on the meat of such animals, at least throughout the spring and summer.

With the current level of consumer incomes and at present retail ceiling prices, demand for meat per year by civilians is estimated to be 160 to 170 pounds of dressed meat per capita. Civilian consumption in 1944 was about 147 pounds per person -- the highest rate in the last two decades. Despite this high level of consumption supplies of the best cuts of beef, pork, and lamb fell far short of demand. Civilian supplies of meat in 1945 will be about 12 percent smaller than a year earlier. Civilian consumption for the year may average 128 to 133 pounds per person. Although meat supplies will be particularly short during the spring and summer when slaughter will be at a seasonal low, supplies probably will be larger in the late fall.

Total production of meats in 1945 may be about 10 percent less than the estimated 24.7 billion pounds produced in 1944 (dressed meat basis). This will result from a sharp drop in pork production and a moderate reduction in lamb and mutton output. The combined production of beef and veal may establish a new all-time high.

Military and lend-lease requirements probably will continue large during 1945. Currently, about 50 percent of the federally inspected pork output; 60 percent of the federally inspected steer and heifer beef production meeting Army specifications of the choice, good, and commercial grades; 70 percent of the utility grade beef; (50 percent only in Washington, Oregon, and California) and 80 percent of the canner and cutter beef produced under Federal inspection is being reserved for Government purchase through set-aside orders. In addition to the set-asides, voluntary offers and priorities are taking additional quantities of beef, veal, and lamb from the civilian market.

In mid-February, prices for practically all grades and weights of hogs at Chicago were at the \$14.75 ceiling for butcher hogs and at the \$14.00 ceiling for sows. A year earlier prices for barrows and gilts of support weights and grades were at the support level (\$13.75, Chicago) and sow prices were about \$12.00 per 100 pounds. Federally inspected hog slaughter, in comparable plants, in January was about $\frac{1}{3}$ less than the record slaughter in January 1944. Slaughter probably will continue at a much lower level than a year earlier during most of the months February through September, reflecting a 29 percent reduction in the pig crops of 1944.

During the first half of 1945, slaughter of cattle and calves probably will be moderately larger than a year earlier, reflecting a larger number of cattle in feed lots and the production of a larger number of veal calves from the record number of milk cows now on farms. The total number of cattle and calves on farms decreased from 82.4 million head on January 1, 1944 to 81.8 million head on January 1, 1945. A reduction in the number of all calves and yearling milk heifers more than offset increases in all other classes. Numbers of beef cows and heifers (over 1 year) increased 3 percent during the year, while numbers of milk cows, (over 2 years) increased 0.5 percent and the number of all steers increased 2 percent. Slaughter of calves in 1944 was an all-time high

and the number of calves on hand at the beginning of 1945 was 7 percent below the number a year earlier. A continued larger slaughter of cows and heifers and of calves is in prospect this year. Following the peak in the cattle numbers cycle, marketings usually continue large for several years. Slaughter of cows, heifers, and calves is particularly large as the number of breeding cattle is reduced.

Prices for all cattle probably will average about the same during the first half of 1945 as a year earlier. Specific maximum prices for cattle at all markets and in all areas of the country were set by CFA in MPR 574, effective January 29, 1945. The maximums as now established are generally above the top price paid for cattle during the first half of 1944. Increased Government payments to cattle slaughterers beginning in late January, will make it possible for slaughterers to pay more for cattle of the good and choice grades in the first 6 months of 1945 than a year earlier and still sell their beef at ceilings.

Sheep and lamb slaughter for the first 4 months of this year probably will total moderately larger than in the corresponding period a year earlier. The number of sheep and lambs on feed at the first of the year was 1-1/2 percent larger than a year earlier and shipments to the Corn Belt for feeding in January were larger than in the corresponding month in 1944. Demand for lamb will continue strong and prices are likely to average about the same during the current fed-lamb marketing season as a year earlier.

DAIRY PRODUCTS

Prices received by farmers for milk and dairy products, under present ceilings on manufactured items, will decline much less than usual for the next few months (through June) and will average about the same as in the corresponding period last year. For the first half of 1944 the average price received by farmers for wholesale milk was \$3.23 per hundredweight.

Demand for dairy products will continue to exceed the supply at prevailing prices, reflecting favorable consumer incomes and large non-civilian procurement. Milk production is indicated at a slightly higher rate in the first half of 1945 than a year earlier, principally because of a favorable milk-feed price ratio. Since military and lend-lease procurement at present appears to be slightly larger than in 1944 and because of the depletion of stocks during 1944 (aggregating approximately 3 billion pounds, per capita supplies of dairy products for civilians on a whole milk equivalent basis will probably be somewhat less than in 1944. They will be about the same as the previous all-time low in 1943, primarily owing to the decline in civilian consumption of butter. Butter consumption in 1945 probably will be about 10.5 pounds compared with the 11.8 pounds per capita in 1944 and a 16.7 pre-war (1935-39) consumption. But fluid milk and cream consumption may be at least at the high level attained in 1944 - approximately 420 pounds per person. Supplies of other manufactured dairy products available for civilians probably will be about the same as in 1944.

POULTRY AND EGGS

Egg producers probably will receive higher prices in the first half of 1945 than in 1944, since an 8 to 10 percent reduction in egg production, which will be accompanied by a strong civilian and military demand, is in prospect. However, demand for new supplies of dried egg for lend-lease is less than a year ago, as stocks are now fairly large. During the first half of 1944, prices received by farmers for eggs averaged 29.8 cents per dozen, 94 percent of parity.

Per capita egg consumption is expected to continue slightly above the previous year, reflecting continuation of favorable consumer incomes and possibly, reductions in civilian supplies of meat. Accurate data are not available as to the substitution of eggs for meat, but it is believed that some substitution does take place in periods of shortages of meat. Military procurement probably will be at least as large as in 1944. Although additional outlets for dried egg by WFA are possible, thus far the demand has not been as strong as in 1944. Top paying prices by WFA for February 1945 delivery were 5.5 cents below the ceiling level of \$1.185 per pound, f.o.b., New York basis, while in 1944 purchase prices were at the ceiling levels. As of February 17, 1945, WFA had purchased 11 million pounds of dried whole eggs for January and February delivery. This compares with purchases as of February 19, 1944, totaling 53 million pounds for delivery during January and February of 1944.

Supplies of poultry meat will decline seasonally during the next few months and be far short of the demand at ceiling prices. Prices received by farmers probably will be slightly higher than last year in the late spring and early summer of 1944, wholesale poultry prices were below ceilings.

Military requirements for poultry are very large. Recently WFO 125 was issued, requiring the set-aside of all canned boned chicken and turkey for sale to designated governmental agencies. It was indicated that army requirements for canned items were equivalent to 200 to 250 million pounds of dressed poultry. This is in addition to procurement of about 4 million pounds per week of dressed chicken under WFO 119 during February. This order virtually sets aside all sales of dressed chicken in the important broiler producing areas of the Del-Mar-Va Peninsula, the Shenandoah Valley, Arkansas, Missouri, and Oklahoma. Chickens have also been purchased by the military in other areas. Civilian supplies of poultry meat during 1945 are expected to be 10 to 15 percent less than in 1944, but above the pre-war 1935-39 average of 18 pounds per capita.

FATS, OILS, AND OILSEEDS

Total supplies of fats and oils will be substantially reduced in 1945. Production from domestic materials may total about 9.8 billion pounds, over 1 billion pounds less than in 1944. After a contraseasonal decline from September 30 to December 31, factory and warehouse stocks at the end of 1944 were slightly less than a year earlier -- 2,140 million pounds (crude basis) compared with 2,150 million pounds. Any variation in imports in 1945 from the 1944 level is expected to be small in relation to the decline in production from domestic materials. There is no assurance that coconut oil or copra will be received in volume from the Philippines this year. Demand for fats and oils is expected to continue strong in 1945. Prices of nearly all fats and oils probably will remain at ceiling levels throughout the year.

The increasing stringency in supplies of fats and oils is reflected in recent Government regulations to aid war procurement. Manufacturers' quotas of fats and oils to be used in civilian paint, varnish, linoleum, and oilcloth were reduced nearly 30 percent from the 1944 level effective January 1. Quotas for civilian soap were reduced about 7 percent on February 1. Beginning January 22, approximately 60 percent of the lard produced in federally inspected plants was required to be set aside for purchase by Government agencies, and 20 percent of February output of creamery butter and 25 percent of the March output are reserved for the same purpose. However, with a comparatively stable supply of shortening and edible oils, civilian consumption of food fats and oils as a whole probably will be reduced by less than 10 percent this year compared with last.

The average price received by farmers for flaxseed in mid-January was \$2.91 per bushel, equal to the parity price and 1 cent higher than a month earlier. A further increase in average flaxseed prices at the farm level is likely before May or June, because a high percentage of farmers' sales in the spring months will consist of relatively high-priced flaxseed for planting. In early summer, however, prices to farmers probably will return to a level reflecting the ceiling prices at terminal markets. In recent months the average price to farmers has been about 20 cents under the maximum at Minneapolis, which is \$3.10 per bushel.

CORN AND OTHER FEED

Prices received by farmers for most feed grains have risen about seasonally so far in the current marketing year. Except for barley, prices of feed grains probably will average lower in the 1944-45 season than in 1943-44. Hay prices will average higher. Demand for feed grains is not so strong as it was last year, when about 16 percent more grain-consuming animals were on farms. The supply of corn from the 1944 crop contains a large quantity of high-moisture corn which must be utilized or conditioned before warm weather, to avoid spoilage. This probably will be a depressant to farm prices of corn and other feed grains in surplus producing areas, particularly with moderating weather. With limited quantities of best grades of corn available, and with the strong demand for food and industrial use, prices of better quality corn probably will remain at or near ceiling levels during the first half of 1945.

On January 15 average prices received by farmers for corn, oats, and barley were 1 to 4 cents per bushel higher than a month earlier, but were about 6 cents per bushel lower than a year earlier. Hay prices averaged \$17.10 per ton, the highest for the war period and \$1.40 per ton higher than a year earlier.

With a 14 percent decrease in grain-consuming animal units on farms during 1944, the supply of corn, oats, and barley per grain-consuming animal unit on January 1, 1945 was about 25 percent greater than on January 1, 1944. Disappearance of feed grains during the first half of 1945 is expected to be smaller than in the corresponding period of 1943-44. With returns from sales of livestock products continuing at a high level, and with a large supply of high-moisture corn in the Western Corn Belt, the rate of feeding

per animal probably will be about as heavy as the high rate during 1943-44. Carry-over of corn at the end of the present crop year may be about double the carry-over of October 1, 1944, and the carry-over of oats may be moderately larger than on July 1, 1944. The carry-over of hay at the end of the current season probably will be only slightly smaller than the 10.3 million tons at the end of the 1943-44 season.

WHEAT

An advance in the price of ordinary protein hard wheats, brought the terminal price of wheat in general to about ceiling levels. This advance is at least in part due to the shortage of cars, which also is responsible for prices in many local markets being below ceiling levels. The terminal price of hard wheats of high protein content as well as that of soft red winter has been at ceiling for several months. The price of wheat in the Pacific Northwest, however, where soft white wheat was 9 cents under the ceiling, is an exception to the general situation. This is due to the limited export market.

Wheat stocks on January 1 totaled 835 million bushels, compared with 818 million bushels a year earlier, the all-time January high in 1943 of 1,158 million bushels, and the 1935-43 average of 656 million bushels. The total stocks on January 1 of this year were made up of the following, in million bushels: On farms, 392; in interior mills, elevators and warehouses, 160; in commercial centers, 152; in merchant mills and mill elevators, 114; and Commodity Credit Corporation wheat in transit and in steel and wood bins, 17. Of the total stocks, 88 million bushels were owned by the Commodity Credit Corporation and 166 million bushels were still outstanding under loan.

Domestic disappearance in the July-December period is estimated as follows, in million bushels: Food, 282; seed, 58; alcohol, 58; and feed, 177. On the basis of present prospects, disappearance in the January-June period is expected to be approximately as follows, in million bushels: Food, 253; seed, 24; alcohol, 22; and feed 100. The quantity of our exports is uncertain and will largely depend upon the progress of the war. However, they may easily be large enough to reduce our carry-over on July 1, 1945, to well below 400 million bushels.

The condition of the winter wheat crop in early February was generally favorable. In the more northern portions of the country the crop has been well protected during much of the severe weather, while in southern sections soil moisture has not been seriously deficient at any time. In most Southern States the crop is in fair to good condition. In the Ohio Valley and other central sections it appears in good to very good condition. There has been very little damage by freezing and thawing. In the Pacific Northwest, however, the moisture situation is not very favorable, and the snow cover has disappeared in some sections and is decreasing in others.

FRUIT

Terminal market prices for citrus fruits, which comprise the principal commercial shipments of fresh fruits at this time of year, declined seasonally during early January but advanced in late January and early February as shipments were brought into closer adjustment with demand for the fruit. Some further increases in prices appear probable although the large supplies from this year's well-above-average crops will tend to prevent substantial increases. At mid-February, terminal market prices for oranges and grapefruit were near ceiling levels and considerably above prices of a year earlier.

Prices for the better-quality western apples on the New York City and Chicago fruit auctions are expected to continue strong, reflecting a strong demand. They are expected to rise with scheduled increases in ceiling prices. All holdings of Winesap, Newtown, and Delicious (except Golden Delicious) varieties of apples in Washington and Oregon were set aside, effective January 16, 1945, to meet military and war service requirements. Delicious apples were removed from this order, effective February 21, upon the filling of the requirements for them. Because of these set-asides, civilian supplies of such apples are expected to be short. This will accentuate the strong market position of western apples. Supplies of midwestern and eastern apples, which have undergone some deterioration in quality, are relatively much larger than those of western apples. This situation has been reflected in recent prices, which have been slightly lower than a year earlier at country shipping points and terminal markets. Weekly carlot shipments of both western and eastern apples were well maintained throughout January and early February.

After declining for several weeks, prices for D'Anjou pears on the New York City auction market advanced in late January and early February, and are expected to increase further in view of the generally strong consumer demand for fruit and the near-normal storage stocks of pears. At mid-February, prices reached a level considerably higher than a month earlier but much lower than a year earlier, when supplies were short and prices were not limited by ceilings.

On the basis of conditions February 1, 1945, total production of citrus fruit during the 1944-45 season is expected to aggregate about 7 million tons or nearly as much as in the preceding season. Fresh citrus fruits are expected to continue in plentiful supply this winter and spring. Canned citrus fruit juices, likewise, are expected to continue plentiful even though all currently canned orange, grapefruit, and blended orange and grapefruit juice must be set aside to meet Government requirements. Since Government requirements of canned fruits and fruit juices, excluding citrus, from the 1945 pack are now indicated to be nearly as large as those from the 1944 pack, civilian supplies of such canned fruits and fruit juices are likely to continue short next season.

TRUCK CROPS

Commercial Truck Crops for Fresh Market

Terminal market wholesale prices declined for most truck crops in late January and early February and further declines in price are expected during most of February, March and April for snap beans, carrots, green peas, tomatoes, eggplant, and green peppers as market supplies become seasonally more abundant. However, a general upward movement in prices is expected during these months for cabbage, cauliflower, celery, and onions. The aggregate wholesale value of constant quantities of 14 important vegetables on the New York market during the week ended February 3, 1945, was 5 percent lower than for these same vegetables during the week ended January 6, 1945, and 4 percent lower than for the week ended February 5, 1944.

"Disaster" allowances granted during January on snap beans, green peppers and eggplant expired on January 31, and the f.o.b. shipping-point ceiling prices originally established for these vegetables were restored as of February 1. The "disaster" allowance given Florida cucumber growers in January was reduced to \$5.95 per bushel (a reduction of \$2.95) for the period February 1-20, inclusive (MPR 426, Amendment 84). Shipping-point ceilings for the 1945 dry onion crop are to be the same as for the 1944 crop (MPR 271, Amendment 28, effective February 5, 1945). Ceiling prices for fresh strawberries, f.o.b. shipping points in Florida, have been increased for the period February 1-20, inclusive (MPR 426, Amendment 83).

The February 9 Truck Crop Report indicates a total tonnage of 18 winter season truck crops for fresh market shipment only 9 percent smaller than for the corresponding season a year earlier, and 44 percent larger than the 10-year average for the 1934-43 period. Winter season truck crops indicated to be most plentiful relative to last year are lima beans, carrots, shallots, and tomatoes.

Because winter cabbage production exceeds current requirements, the War Food Administration has announced a program to encourage diversion of large quantities to the manufacture of sauerkraut. This is to be done by defraying the cost of transportation up to \$23 per ton on all cabbage purchased in seven southern producing States for kraut packers who pay growers a minimum of \$15 per ton for bulk cabbage loaded f.o.b. shipping point.

Farmers received nearly as high prices for commercial truck crops for fresh market shipment in January of this year as they did in January of 1944. The index of these prices (1909-14 = 100) was 262 for January 1945, compared with 267 for the previous January.

Commercial Truck Crops for Processing

War Food Order No. 22.9, issued January 30, 1945, requires canners to set aside varying percentages of their base period pack of 15 major canned vegetables and vegetable juices, equivalent in the aggregate to about 48 percent of their recently estimated probable production. Except for varying percentages on individual items, and a change in the base period, the 1945 set-aside program is substantially the same as that for 1944.

POTATOES AND SWEETPOTATOES

Prices for potatoes at country shipping points and terminal markets continued at or near ceiling levels throughout January and early February, reflecting a strong demand for the near-average but rapidly disappearing supplies. This strong market position of potatoes is expected to prevail until supplies of new potatoes are available in substantial volume beginning in May, with prices advancing this winter and spring with scheduled monthly increases in ceilings.

Supplies available to civilians in eastern markets were considerably reduced in late January and early February by transportation difficulties, arising largely from prolonged unfavorable weather in the northeastern States, and by the increased rate of Government procurement under the permit plan. This procurement plan will enable the Government to meet its requirements for the Army and war services more fully and at an earlier date than otherwise. It was initiated in parts of Idaho, Oregon, and California on December 11, 1944, and extended to Aroostook County, Maine, on January 31, and to Colorado and the Red River Valley of North Dakota and Minnesota on February 9. (WFO 120).

With improvement in the transportation situation there should be some increase in market supplies for civilians, but an increasing percentage of such supplies is likely to be composed of smaller sized and lower quality potatoes than previously. Supplies of all grades and sizes of potatoes are expected to be insufficient to meet the demand for them until new potatoes are available in substantial volume in spring. The indicated acreage of commercial early potatoes for harvest late next spring is 15 percent smaller than the acreage last spring but 10 percent larger than the 10-year (1934-43) average.

Prices for potatoes of the 1945 early and intermediate crops are to be supported by the War Food Administration at the same levels as in effect for the 1944 crops.

Prices for sweetpotatoes at terminal markets advanced the first of February with the scheduled increases in ceiling prices. Such recent prices, although at or near ceilings, are lower than those of a year earlier, when prices were "frozen" at a higher level. Carlot shipments from the 1944 crop, which is nearly as large as the 1943 crop, are about one-fifth larger thus far this season than last. Sales of the rapidly disappearing supplies are expected to be made generally at or near ceiling prices.

COTTON

Perhaps the one factor in the entire cotton situation which has attracted most comment in recent months is the tight cotton textile situation in retail outlets, particularly in view of the more than plentiful supplies of raw cotton and the relatively plentiful supplies of rayon textiles. The index of cotton consumption for the season to date is 18 percent less than in April 1942, when the peak was reached in wartime cotton consumption. The principal factor accounting for the decline in textile output has been a 15 percent drop in employment in cotton textile mills, even though average hours worked per week increased 3-1/2 percent, average hourly earnings increased 25 percent, and average weekly earnings increased 30 percent. During this same period cloth prices and gross mill margins on 17 constructions of gray goods both increased 4 percent. Another very important factor, which helps to explain the shortage of cotton textiles in retail stores, is the heavy military demand for textiles. Indications are that for a year and a half, while total production was declining, military purchases have tended to continue large, and, thereby, to take an increasing proportion of the total output. Consequently, the quantity of new production available for domestic civilians during the past year and a half appears to have been below any recent pre-war average and inventories, consequently, have been materially reduced. This situation is expected to continue until sometime after VE-Day.

Cotton prices fluctuated between 21.22 cents and 21.85 cents during the month ended February 15, and on that date the 10-market average for Middling 15/16-inch was 21.51 cents. Changes in expectations concerning the length of the war in Europe, and legislation affecting farm prices in the United States are among the more important factors which have been affecting cotton prices during the past few months. The 10-market price of Middling 15/16-inch cotton on February 15 compares with a parity equivalent of 22.49 cents based on the January parity price, an average Government loan rate of 21.19 cents, and a Government purchase price for February of 22.16 cents in those markets.

During the 5 weeks ended February 10, 165,204 bales of cotton were received into the 1944 Government loan and over 348,000 bales were acquired by the Commodity Credit Corporation under its 1944 purchase program. For the season to date, loan entries totaled 1,978,668 bales and 1,417,147 bales had been purchased from farmers under the purchase program. An additional 68,000 bales had been purchased on bids for lend-lease purposes and 54,693 bales of 1943 loan cotton were redeemed. Between November 15, when the export payment program was inaugurated, and February 10, a total of 211,381 bales of cotton had been registered for export with the Commodity Credit Corporation. Of this amount 66,682 bales had been registered during the 5 weeks January 18 to February 10.

WOOL

Prices to wool growers in 1945 will average about the same as in 1944, as the CCC is again purchasing virtually the entire domestic production at ceiling prices. This will be about 71 percent higher than the 1935-39 average price to growers. Preliminary figures indicate that the weighted average price received by farmers for wool in 1944 was slightly higher than the 1943 average of 41.6 cents per pound.

Mill demand for domestic wool in the next few months will be greater than at any time since the latter part of 1943, because of large Army orders. Consequently, the relatively large stocks of 1943 and 1944 domestic wool now held by the CCC and by wool dealers will be considerably reduced before the 1945 clip is available for mill use in the late spring. CCC stocks of domestic wool totaled slightly more than 300 million pounds (grease basis) on December 31, 1944, and an additional quantity -- possibly 50 million pounds -- of the 1944 production was awaiting purchase by the CCC. This compares with 223 million pounds held by the CCC or by dealers a year earlier. Dealers end-of-December stocks of domestic wool averaged only 88 million pounds in recent pre-war years (1935-39). Mills are carrying smaller stocks of domestic wool than in pre-war years, but their stocks of foreign wool are large. United States mill consumption of foreign wool probably will decline during the next few months as the use of domestic wool increases. Total United States mill consumption of domestic and foreign apparel wool is likely to remain about at the 1944 level, which would be at an annual rate of 1 billion pounds (grease basis).

About three-fourths of the foreign stockpile wool owned by the U. S. Government has been disposed of during the past year at public auctions and private sales through dealers. Stocks held by the Defense Supplies Corporation on January 27, 1945, totaled 85 million pounds, having been reduced from an original total of close to 330 million pounds (grease basis). Additional sales have been made since January 27.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	:Unit or : : base :period	1944					1945
		Year	Jan.	Oct.	Nov.	Dec.	Jan.
Industrial Production 1/	: 1935-39:						
Total	= 100 :	235	243	232	232	232	234
All manufactures	" :	252	261	248	248	249	251
Durable goods	" :	353	368	344	341	343	344
Nondurable goods	" :	171	175	169	173	173	176
Minerals	" :	140	139	143	143	137	140
Construction activity 1/	: 1935-39:						
Contracts, total	= 100 :	73	96	73	80	89	80
Contracts, residential	" :	39	71	32	32	34	32
Wholesale prices 2/	: 1935-39:						
All commodities	= 100 :	129	128	129	130	130	---
All commodities except farm and food	" :	121	120	122	122	121	---
Farm products	" :	162	160	162	164	165	---
Food	" :	133	133	132	133	133	---
Prices received and paid by farmers 3/	: 1910-14: = 100 :						
Prices received, all prod.....	" :	195	196	194	196	200	201
Prices paid, int. and taxes ..	" :	170	168	170	171	171	172
Parity ratio	" :	115	117	114	115	117	117
Consumer expenditures 4/	: 1935-39:						
Total	= 100 :		162	168	---	---	---
Cost of living 5/	: 1935-39:						
Total	= 100 :	126	124	126	127	127	---
Food	" :	136	136	136	136	137	---
Nonfood	" :	120	118	121	121	122	---
Income	: 1935-39:						
Nonagricultural payments 4/...	= 100 :	231	224	234	235	237	---
Cash farm 3/	" :	265	260	262	267	264	---
Income of Industrial Workers 3/..	: 1935-39:	325	333	320	317	322	---
Factory payrolls 5/	= 100 :	356	367	352	348	353	---
Weekly earnings of factory workers 5/	: Dollars:						
All manufacturing	" :	46.08	45.29	46.94	46.86	47.45	---
Durable goods	" :	52.07	51.21	53.18	53.07	53.69	---
Nondurable goods	" :	37.13	36.03	37.97	37.87	38.40	---
Employment	:						
Total civilian 6/	Million:	51.8	50.4	52.2	51.5	50.6	50.1
Employees in nonagri. est. 5/..	Thous. :	38,682	38,965	38,364	38,340	38,811	37,852
Farm 3/	" :	10,031	8,202	11,839	10,690	9,337	8,005
Government finance (Federal) 7/	:Mil.dol.:						
Receipts, net	" :	3,702	2,747	2,001	2,240	5,416	3,556
Expenditures	" :	8,097	7,570	8,024	7,828	8,416	8,202

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid interest and taxes to the 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.

